

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
December 8, 2021**

Voltaire Villas PSH, located at 316 N. Juanita Avenue in Los Angeles, requested and is being recommended for a reservation of \$1,583,688 in annual federal tax credits to finance the new construction of 71 units of housing serving special needs tenants with rents affordable to households earning 15-50% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 24 and Assembly District 53.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the TOD and HHC programs of HCD.

Project Number CA-21-748

Project Name Voltaire Villas PSH
Site Address: 316 N. Juanita Avenue
Los Angeles, CA 90004 County: Los Angeles
Census Tract: 1927.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,583,688	\$0
Recommended:	\$1,583,688	\$0

Applicant Information

Applicant: Voltaire Villas Associates, a California Limited Partnership
Contact: Caleb Roope
Address: 430 E. State Street, Suite 100
Eagle, ID 83616
Phone: (208) 461-0022
Email: calebr@tpchousing.com

General Partner(s) or Principal Owner(s): TPC Holdings IX, LLC
Flexible PSH Solutions, Inc.
General Partner Type: Joint Venture
Parent Company(ies): The Pacific Companies
Flexible PSH Solutions, Inc.
Developer: Pacific West Communities, Inc.
Bond Issuer: HCIDLA*
Investor/Consultant: Boston Financial Investment Management
Management Agent: The John Stewart Company

*Los Angeles Housing and Community Investment Department

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 72
 No. / % of Low Income Units: 71 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (20 units - 28%)

Information

Housing Type: Special Needs
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Tiffani Negrete

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
15% AMI: 35	49%
30% AMI: 20	28%
50% AMI: 16	23%

Unit Mix

66 SRO/Studio Units
 5 1-Bedroom Units
1 2-Bedroom Units
 72 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
15 SRO/Studio	15%	\$310
19 SRO/Studio	15%	\$310
16 SRO/Studio	30%	\$621
16 SRO/Studio	50%	\$1,035
1 1 Bedroom	15%	\$332
4 1 Bedroom	30%	\$665
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,915,000
Construction Costs	\$20,495,548
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,050,000
Soft Cost Contingency	\$480,000
Relocation	\$0
Architectural/Engineering	\$1,095,000
Const. Interest, Perm. Financing	\$1,475,000
Legal Fees	\$70,000
Reserves	\$367,653
Other Costs	\$1,360,154
Developer Fee	\$3,500,000
Commercial Costs	\$0
Total	\$35,808,355

Residential

Construction Cost Per Square Foot:	\$414
Per Unit Cost:	\$497,338
True Cash Per Unit Cost*:	\$483,449

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
California Bank & Trust - T.E. Bonds	\$19,000,000	HCD - TOD	\$3,172,000
HCIDLA* - HHH Loan	\$9,940,000	HCD - HHC	\$8,078,000
Deferred Costs	\$367,653	HCIDLA* - HHH Loan	\$9,940,000
Deferred Developer Fee	\$3,500,000	Deferred Developer Fee	\$1,000,000
Tax Credit Equity	\$3,000,702	Tax Credit Equity	\$13,618,355
		TOTAL	\$35,808,355

**Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$30,455,548
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$39,592,212
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,583,688
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	Boston Financial Investment Management
Federal Tax Credit Factor:	\$0.85991

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions

The applicant's estimate for annual operating expenses per unit is below the \$6,400 published per unit operating expense minimum required for this type of project. Under regulation section 10327(g) operating expenses below the published minimum may be corrected. At the submission of the next updated TCAC application required by TCAC, and all subsequent submissions to TCAC, the applicant must meet the requirement of regulation section 10327(g)(1).

The current legal description is part of a larger site and the project site's parcel (legal description and APN) have not yet been finalized. The legal description and APN for CA-21-748 must be completed as part of the placed-in-service package.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.